RIVERHURST POTATO STORAGE INC.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31
(UNAUDITED)

	1999	1998
	(Thousands of Dollars)	
ASSETS		
CURRENT ASSETS		
Cash	$ 5	$ 1
Accounts receivable	25	53
	30	
CAPITAL ASSETS (note 4)	2,900	3,015
	$ 2,930	$ 3,069
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 16	$ -
Current portion of mortgage payable (note 5)	93	88
	109	88
MORTGAGE PAYABLE (note 5)	2,970	3,063
	3,079	3,151
SHAREHOLDERS' EQUITY		
RETAINED EARNINGS	(149)	(82)
	$ 2,930	$ 3,069

Director

See accompanying notes

RIVERHURST POTATO STORAGE INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31
(UNAUDITED)

	1999	1998
	(Thousands of Dollars)	
REVENUE		
Rental Income	$ 281	$ 202
Interest	-	1
	281	203
EXPENSES		
Interest	193	162
Amortization of capital assets	139	145
Operations	16	(38)
	348	269
NET LOSS FROM OPERATIONS	(67)	(66)
RETAINED EARNINGS, BEGINNING OF YEAR	(82)	(16)
RETAINED EARNINGS, END OF YEAR	$ (149)	$ (82)

See accompanying notes

RIVERHURST POTATO STORAGE INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31
(UNAUDITED)

	1999	1998
	(Thousands of Dollars)	
Operating activities		
Net loss	$ (67)	$ (66)
Charges and credits not affecting cash:		
Amortization of capital assets	139	145
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	28	257
Accounts payable	16	(3,495)
Cash used in operating activities	(116)	(3,222)
Investing activities		
Capital expenditures	(24)	62
Cash used in investing activities	(24)	62
Financing activities		
Proceeds from mortgages	-	3,213
Repayment of mortgages	(88)	(62)
Cash (used in) provided by financing activities	(88)	3,151
INCREASE IN CASH	4	1
CASH, BEGINNING OF YEAR	1	-
CASH, END OF YEAR	$ 5	$ 1

See accompanying notes

RIVERHURST POTATO STORAGE INC.
Notes to the Financial Statements
December 31, 1999
(Unaudited)

1. Status of the Corporation

Riverhurst Potato Storage Inc. was formed in April, 1997. The corporation's purpose is to facilitate construction of potato storage facilities in the Lake Diefenbaker area of Saskatchewan.

2. Ownership of the Corporation

At December 31, 1999, ownership of the corporation was held solely by Saskatchewan Water Corporation.

3. Significant Accounting Policies

Capital Assets

Capital assets are recorded at cost. Amortization of capital assets is calculated at the following annual rates designed to amortize the recorded cost over the estimated useful lives of the capital assets:

Capital assets	Method	Rate
Potato storage building	straight-line	2.5%
Potato handling equipment	straight-line	20%

4. Capital Assets

	1999			1998
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(Thousands of Dollars)			
Potato storage building	$2,826	$141	$2,685	$2,712
Potato handling equipment	358	143	215	303
	$3,184	$284	$2,900	$3,015

RIVERHURST POTATO STORAGE INC.
Notes to the Financial Statements
December 31, 1999
(Unaudited)

5. Mortgage Payable

Year Payable	Interest Rate	1999	1998
		(Thousands of Dollars)	
1999	6.39%	$0	$88
2000	6.39%	93	93
2001	6.39%	100	100
2002	6.39%	105	105
2003 and subsequent	6.39%	2,765	2,765
		3,063	3,151
Less: Current portion of mortgage payable		(93)	(88)
		$2,970	$3,063

The mortgage is due to the Canadian Imperial Bank of Commerce (CIBC) and expires in March, 2003. The interest rate upon renewal will be determined at that time. The security for the mortgage is the physical building as well as the head lease provisions between the corporation and Saskatchewan Water Corporation. Through the head lease provisions, Saskatchewan Water Corporation is obligated to provide lease payments to the corporation equal to payments required by the corporation under the mortgage from CIBC.

6. Related party transactions

Saskatchewan Water Corporation and Con-Force Investments Inc. (in 1998) are related parties to the corporation through their ownership interest. Below is a summary of transactions and amounts outstanding at year end:

	1999	1998
	(Thousands of Dollars)	
Saskatchewan Water Corporation:		
Accounts receivable	$25	$ 52
Accounts payable	16	0
Revenue	281	202
Expenses	0	0
Con-Force Investments Inc.		
Expenses	-	(38)